

*McCarman*

# DOLLY VARDEN

one of the world's large SILVER reserves

## 1967



**seventh annual report**

for the year ending march 31, 1967

**DOLLY VARDEN MINES LTD.** (NPL) VANCOUVER CANADA



## OUR SYMBOL: A Silver Coin



*Why the girl in the hat?* In 1841 Charles Dickens in his book *BARNABY RUDGE*, introduced a “charming young lady with flashing eyes” named Dolly Varden.

Her fame spread, and by the 1890's hundreds of ladies wore Dolly Varden hats.

Records show that when a prospector first discovered silver near Alice Arm in 1907, he thought of this beautiful girl and named the strike, Dolly Varden.

*file*

# **DOLLY VARDEN**

**MINES LTD. (N. P. L.)**

Financial Statements  
and  
Report to Shareholders  
for  
The Annual General Meeting

March 17th, 1965



Mines located at Alice Arm, British Columbia

BUSINESS OFFICE:

Suite 617, 837 West Hastings Street, Vancouver 1, Canada



WEDNESDAY JULY 11

1881

1881

1881

1881

1881

1881

1881

1881

1881

DOLLY VARDEN MINES LTD. (N.P.L.)

DIRECTORS

Peter E. Cromie, President

F.C. Buckland, Ph.D., P. Eng., Vice President

Thomas S. Mackay

Howard Martin

Peter C.G. Richards, Secretary

Consulting Engineers

Geology: A.C. Skerl, A.R.S.M., Ph.D., P. Eng.

Mining: J.A.C. Ross & Associates, Ltd.

Mill: Wright Engineers Limited

Solicitors: Cumming, Bird & Richards

Bankers: The Bank of Nova Scotia

Auditors: Griffiths & Griffiths

Registrar and Transfer Agent: Guaranty Trust Company of Canada

Shares listed on the Vancouver Stock Exchange

Directors' Annual Report to Shareholders

In summarizing Dolly Varden's activities since our Annual Meeting last year, we can only enumerate the events which we covered in detail through progress reports to registered shareholders as these events occurred.

Early in January last year, Sunshine Mining Company presented Dolly Varden with a detailed exploration and development plan worked out by Sunshine's engineers. On January 22nd, both companies signed an Agreement under which Sunshine undertook to complete their program by September 30, 1965.

Less than two weeks later, most of Sunshine's Directors had been replaced and shortly after that, extensive changes were made in its operating executives. Sunshine took initial steps to commence work during the month of February, but failed to perform any part of the development program on the property, despite our continued efforts to persuade them to meet their obligations under the contract. Unfortunately, Dolly could do absolutely nothing on the property, because it was under lease to Sunshine until September 30th.

Early in September, Dolly regained title to its properties, and the Agreement with Sunshine officially terminated on September 30th. The next day, Dolly launched a suit in the Supreme Court of B.C. against Sunshine claiming compensation for damages suffered.

In December, we sent shareholders a summary of the tremendous mining activity in the general area of Alice Arm. In the short time since then, additional activities and discoveries have been disclosed.

We are completing a detailed summary of our mines, which will incorporate all of the engineering data obtained from work done from 1907 right up to 1966. This summary has been delayed because it is only during the last six weeks that we have been able to recover the engineering data that Sunshine was holding. We will now be able to present a comprehensive detailed picture of our mines to the several major mining companies that have approached us.

In order to be in a position to negotiate with these companies, the Directors propose that Dolly Varden increase its authorized capital from 4,000,000 shares to a total of 10,000,000 shares. We have no specific arrangements in mind yet, and in fact, do not anticipate requiring the full 10,000,000 shares. However, we should be in a position to act quickly so that work may start on the property without delay as soon as an agreement is made.



As you will recall, our contract with Sunshine was that it could earn a 50% interest in the operation. This in effect was the equivalent of doubling the issued capital of Dolly Varden to 8,000,000 shares. Your Directors feel that in any future financing with a major mining company Dolly Varden Mines Ltd. should be used as the vehicle to bring the property into production.

Underground work is scheduled to start this spring on a small corner of our Climax claim, which has been leased to Silver Butte Mines Ltd. on a royalty basis. Silver Butte's Moose claims are adjacent to the Climax on our north, and the fraction leased to Silver Butte logically should be mined with the Moose. In addition, this may well provide useful geological information at no cost to Dolly.

World consumption of silver reached an astronomical figure in 1965: 708,000,000 ounces, while total new production was only 221,000,000 ounces! U.S. Mint requirements will likely be reduced by about 200,000,000 ounces in 1966 with the introduction of cupro-nickel coins. Silver coins in the U.S. are being hoarded to such an extent that 400,000,000 Kennedy half-dollars have disappeared from circulation, as have most of the older half-dollars as well as large quantities of 25¢ pieces.

The following table, which excludes Communist dominated areas, may be of interest.

(Millions of Ounces)	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>
Industrial Consumption	334	291	257	248	239
Coinage	<u>375</u>	<u>264</u>	<u>166</u>	<u>128</u>	<u>137</u>
Total Consumption	709	555	423	376	376
Total New Production	<u>221</u>	<u>218</u>	<u>215</u>	<u>209</u>	<u>203</u>
World Shortage	<u>488</u>	<u>337</u>	<u>208</u>	<u>167</u>	<u>173</u>

In April, Mr. Colin Campbell resigned as a Director of Dolly Varden, and in May Mr. Peter Cromie was named President, and Dr. F.C. Buckland became Vice-President. Mr. Howard Martin was recently made a Director, filling the vacancy left by Mr. Campbell.

On behalf of the Board of Directors

*Peter Cromie*

Peter Cromie  
President.

Vancouver, Canada  
March 1, 1966

DOLLY VARDEN MINES LTD.

(Non Personal Liability)

Index to Financial Statements

March 31, 1965

Report of the Auditors

Balance Sheet

Statement of Deferred Development Expenditure  
for the year ended March 31, 1965

November 30, 1965

Balance Sheet

Statement of Deferred Development Expenditure  
for the eight months ended November 30, 1965

The Shareholders,  
Dolly Varden Mines Ltd.,  
(Non-Personal Liability),  
Vancouver, Canada.

We have examined the balance sheet of Dolly Varden Mines Ltd. (Non-Personal Liability) as at 31 March, 1965, and the statement of deferred development expenditure for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of deferred development expenditure present fairly the financial position of the company as at 31 March, 1965, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada,  
14 April, 1965.

Griffiths & Griffiths  
Chartered Accountants



# DOLLY VARDEN MINES LTD.

(Non-Personal Liability)

## BALANCE SHEET As at 31 March, 1965

### ASSETS

#### CURRENT ASSETS:

Cash on hand and at bank	\$ 10,474.83	
Accounts receivable	3,277.23	
Prepaid expense	<u>250.00</u>	
		\$ 14,002.06

#### INVESTMENT IN SUBSIDIARY COMPANIES, at cost (see Note 2):

Copper Cliff Mines Ltd. (N.P.L.), 2,200,000 shares	11,000.00	
Kitsault Silver Mines Ltd. (N.P.L.), 2,500,000 shs.	<u>12,500.00</u>	
		23,500.00

#### FIXED ASSETS, at cost:

Mineral claims, leases and rights	182,025.00	
Land	1,000.00	
Buildings and equipment	<u>398,911.73</u>	
		581,936.73

#### DEFERRED DEVELOPMENT EXPENDITURE

747,890.86

#### INCORPORATION EXPENSE, at cost

6,822.00

\$ 1,374,151.65

### LIABILITIES

#### CURRENT LIABILITIES:

Accounts payable	2,003.50	
Due to Copper Cliff Mines Ltd. (N.P.L.)	652.22	
Due to Kitsault Silver Mines Ltd. (N.P.L.)	<u>296.73</u>	
		2,952.45

#### SHARE CAPITAL:

Authorized and issued:		
4,000,000 Shares of 50¢ each par value		<u>1,371,199.20</u>
		<u><u>\$ 1,374,151.65</u></u>

#### NOTES:

- Effective 1 February, 1964, the company entered into an agreement with Sunshine Mining Company of Spokane, Washington, whereby a one half interest in the mining properties, fixed assets and investments will be conveyed to them on receipt of an undertaking to bring the property into production.
- The subsidiary companies hold interests in mineral properties, but have not otherwise operated.

Signed on behalf of the Board:

Peter E. Cromie, Director

F. C. Buckland, Director

This is the balance sheet referred to in our  
report dated 14 April, 1965.

Griffiths & Griffiths  
Chartered Accountants

# DOLLY VARDEN MINES LTD.

(Non-Personal Liability)

## STATEMENT OF DEFERRED DEVELOPMENT EXPENDITURE

FOR THE YEAR ENDED 31 MARCH, 1965

### EXPENDITURE:

Advertising	\$5,228.37
Dues and subscriptions	1,406.98
Interest and bank charges	277.62
Legal and audit fees	8,584.50
Other consulting fees	4,212.00
Licences and taxes	205.59
Miscellaneous	203.70
Office supplies	1,921.41
Rent	2,785.00
Salaries	5,690.38
Statutory employee benefits	230.30
Telephone and telegraph	886.01
Transfer fees	1,728.28
Travelling	<u>1,196.74</u>

\$ 34,556.88

### INCOME:

Administrative recovery - Sunshine Mining Company	3,000.00
Insurance refunds - net of expense	357.61
Interest	<u>381.02</u>

3,738.63

30,818.25

DEFERRED DEVELOPMENT EXPENDITURE

AT 31 MARCH, 1964

717,072.61

TOTAL DEFERRED DEVELOPMENT EXPENDITURE

AT 31 MARCH, 1965

\$747,890.86



DOLLY VARDEN MINES LTD.  
(Non-Personal Liability)

BALANCE SHEET  
As at 30 November, 1965

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$ 11,488.69	
Accounts receivable	740.54	
Prepaid expense	<u>250.00</u>	
		\$ 12,479.23

INVESTMENT IN SUBSIDIARY COMPANIES, at cost:

Copper Cliff Mines Ltd. (N. P. L.) -		
2,200,000 shares	11,000.00	
Kitsault Silver Mines Ltd. (N. P. L.) -		
2,500,000 shares	<u>12,500.00</u>	
		23,500.00

FIXED ASSETS, at cost:

Mineral claims, leases and rights	185,525.00	
Land	1,000.00	
Buildings and equipment	<u>398,911.73</u>	
		585,436.73

DEFERRED DEVELOPMENT EXPENDITURE		763,975.94
----------------------------------	--	------------

INCORPORATION EXPENSE, at cost		<u>6,822.00</u>
--------------------------------	--	-----------------

\$ 1,392,213.90

LIABILITIES

CURRENT LIABILITIES:

Bank loans, secured	20,000.00	
Accounts payable	<u>65.75</u>	
		20,065.75

AMOUNTS DUE SUBSIDIARY COMPANIES:

Copper Cliff Mines Ltd. (N. P. L.)	652.22	
Kitsault Silver Mines Ltd. (N. P. L.)	<u>296.73</u>	
		948.95

SHARE CAPITAL

Authorized and issued:		
4,000,000 shares of 50¢ each par value		<u>1,371,199.20</u>
		<u>\$1,392,213.90</u>

NOTES:

1. The subsidiary companies hold interests in mineral properties, but have not otherwise operated.
2. In September, 1965, the company commenced action in the Supreme Court of the Province of British Columbia to recover from Sunshine Mining Company and/or Sunshine Exploration Co. Ltd. approximately \$650,000.00 for damages and other amounts owing.

Signed on behalf of the Board:

Peter E. Cromie, Director

F. C. Buckland, Director

(Prepared without audit from the books and records of the company)

# DOLLY VARDEN MINES LTD.

(Non-Personal Liability)

## STATEMENT OF DEFERRRED DEVELOPMENT EXPENDITURE

FOR THE EIGHT MONTHS ENDED 30 NOVEMBER, 1965

### EXPENDITURE:

Administration	\$ 1,600.00	
Advertising	1,563.84	
Camp supplies and maintenance	145.21	
Development expense	242.54	
Dues, fees and subscriptions	90.25	
Interest and bank charges	87.11	
Legal and audit fees	5,481.37	
Other consulting fees	2,069.10	
Licences and taxes	1,971.44	
Office supplies and expense	1,338.36	
Rent	1,419.60	
Salaries	2,403.54	
Statutory employee benefits	74.14	
Telephone and telegraph	340.71	
Travelling	<u>1,021.84</u>	
		\$ 19,849.05

### INCOME:

Administrative recovery - Sunshine Mining Company	3,000.00	
Adjustment of prior year's expense	<u>763.97</u>	
		<u>3,763.97</u>
		16,085.08

DEFERRED DEVELOPMENT EXPENDITURE  
AT 31 MARCH, 1965

747,890.86

TOTAL DEFERRED DEVELOPMENT EXPENDITURE  
AT 30 NOVEMBER, 1965

\$763,975.94

(Prepared without audit from the books and records of the company)











AR38

# DOLLY VARDEN MINES LTD. (NPL)

Silver Mines  
ALICE ARM, B.C.

1400-409 GRANVILLE STREET, VANCOUVER 2, B.C. PHONE 682-4296

July 25, 1967.

## Information for Shareholders

Geological mapping is continuing at the property under the direction of Newmont Mining Corporation. Results have not yet been correlated to the point where additions or changes can be made to the indicated ore.

Mr. D.M.M. Goldie has been appointed to the Board of Directors, and Mr. Peter Richards has resigned from the Board while remaining Secretary of the Company and solicitor. Mr. Goldie is a partner in the law firm of Russell & DuMoulin.

The enclosed excerpt from a 12 page study of the silver industry should be of considerable interest to shareholders. Mr. Bridwell of Los Altos, California, is the former publisher of "Insider Reports", an investment advisory service, and is the author of the book "Reality in the Stock Market". This article is the second unsolicited recommendation of Dolly Varden to come to our attention in recent weeks.

Dolly Varden's fiscal year ended March 31st, and the Annual Report including a comprehensive illustrated summary of the Company's affairs is underway and will be in the mail before the end of August. It will be accompanied by the Notice of the Annual General Meeting of Shareholders.

DOLLY VARDEN MINES LTD.

Peter Cromie, President.





FROM RODGER W. BRIDWELL

## A SUPPLEMENT TO *"Reality in the Stock Market"*

WINFIELD PRESS, LTD.

1003 WEST 33rd AVENUE, P. O. BOX 2312

VANCOUVER, B.C., CANADA

Supplement # 106

July 1, 1967.

### SILVER'S SILVER LINING

. . . . . Page 7.

The valid UPB opportunities remain in the shares of silver companies with large known reserves of silver in the ground. Unfortunately, for U. S. investors this pretty much eliminates any opportunities in U. S. companies. The major U. S. producers, such as Hecla, have already posted gains ranging from 300 to 500%, thereby adequately discounting higher silver prices. Moreover, in general the reserves of U. S. producers are not large and the sad fact is that these companies sold hundreds of millions of ounces of silver at giveaway prices. In retrospect, they would have fared much better if they had simply shut down their mines years ago and waited for the present higher prices.

The ideal play today would be to invest in a silver mine with substantial reserves that was a potentially marginal operation when silver was priced at 91¢ or lower, but will be highly profitable with silver at \$2.00 or more. There are a number of companies in Canada which fit this description perfectly. After thoroughly investigating each of them, two appear to have the largest ore reserves and the greatest profit potential.

Our No. 1 selection as a potential UPB candidate is Dolly Varden Mines Ltd. - listed on the Vancouver Stock Exchange and currently selling around 45 cents a share. Dolly probably has the largest ore reserves of any primary silver producer on the North American continent. Ore reserves are vastly larger than those of any of the highly regarded silver companies including Hecla and Sunshine in the U. S. and Siscoe and United Keno Hill in Canada.

We have met at length with Dolly Varden management and have examined the extensive drilling records which document the tremendous silver reserves behind each Dolly share. Supplement #107 will discuss in detail the evidence which indicates the major UPB which will occur when the Dolly Varden mines go into production. One minor disadvantage for U. S. investors who buy Dolly is the 15% interest equalization tax which U. S. citizens must pay. However, in our opinion, this tax seems very small in relation to the large potential gains we envision for Dolly shares.

U. P. B. stands for Unique Profit Break Through.



# DOLLY VARDEN

MINES LTD. (N.P.L.)

1400 United Kingdom Building 409 Granville Street Vancouver 2 Canada  
Mines at Alice Arm, B.C.

## ANNUAL REPORT

for the year ending March 31, 1967

### directors

PETER E. CROMIE, *President*

HOWARD McD. MARTIN

THOMAS S. MACKAY, M.B.E.

A. C. SKERL, PH.D., P.ENG.,  
*appointed August 1967*

D. M. M. GOLDIE,  
*appointed June 1967*

*Secretary:*

PETER C. G. RICHARDS

*Bankers:*

THE BANK OF NOVA SCOTIA

*Solicitors:*

CUMMING, BIRD, RICHARDS & COMPANY

*Auditors:*

RIDDELL, STEAD, GRAHAM & HUTCHISON

*Registrar and Transfer Agent:*

GUARANTY TRUST COMPANY OF CANADA

*Shares listed on the Vancouver Stock Exchange*

---

### contents

	PAGE	PAGE	
President's Report			
Newmont Agreement	2	8	Wolf No. 2 Vein - 1,200' Level
Ore Reserves	3	9	Dolly Varden Mine - Section
World Silver Market	4	10	Financial Statements
Claims Map	5	11	Financial Statements
Torbrit Mine - Plan of 1,000' Level	6	12	History of Dolly Varden
Wolf No. 2 Vein - Section	7		Back cover:
			Location Map British Columbia

DOLLY VARDEN

*One of the World's Large Silver Reserves*



## president's report

The activities of this Company during the past twelve months have been exceptionally varied in nature, but have all been towards a common goal: to put the company into a position of stability from which it can move steadily towards profitable operation. To this end, we have been successful.

The most significant step taken was entering into an agreement in February 1967 with Newmont Mining Corporation of Canada Limited, which is described below in some detail.

Also in February, the Company's lawsuit in the amount of approximately \$400,000 for breach of contract against Sunshine Mining Company of Kellogg, Idaho, was heard in the Supreme Court of British Columbia. Judgment has not yet been handed down.

Additions have been made to the Board of Directors which are reflected on the preceding page. We are particularly happy to welcome Dr. A. C. Skerl and D. M. M. Goldie to the Board. Dr. Skerl has been our consulting geologist since the inception of the Company, and is associated with many successful and developing mines in B.C. Mr. Goldie is a partner in the law firm Russell & DuMoulin.

Activity in the Alice Arm area continues at an ever increasing pace. B.C. Molybdenum, controlled by Kennecott Copper, will commence production this year with its \$26,000,000 plant, powered by the new B.C. Hydro line from Terrace.

Several companies are exploring and developing ore bodies over the seventeen miles from Alice Arm to Dolly Varden, served by the provincial government road.

In May of last year, the Company issued 400,000 shares to net the treasury \$190,000. This was used during the summer to erect an access bridge to the North Star mine where we drove two raises 125 feet, and also to improve the road to the Wolf mine, for which work we were reimbursed a total of \$22,107 by the B.C. Department of Mines and the Department of Highways.

Earlier in the year we completed acquisition of ten additional claims in our "copper belt", an area which has great additional potential, and is referred to on the next page.

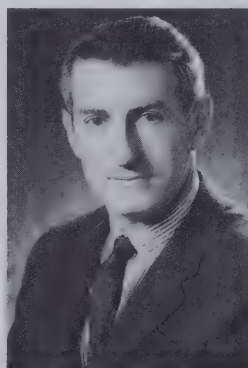
Your Company has one of the largest known reserves of primary silver ore in the world. Of all metals, silver is in fact the brightest; your Directors are confident that Dolly Varden's future is equally bright. The following pages illustrate some of our reasons.

On behalf  
of the Board of Directors



PETER CROMIE, President

August 14, 1967



- \* AUGUST 18 - The Supreme Court of British Columbia handed down its
- \* decision today, awarding Dolly Varden \$348,061 plus court costs.

## newmont agreement

Dolly Varden entered into an Agreement effective January 1, 1967, with Newmont Mining Corporation of Canada Limited, a wholly owned subsidiary of Newmont Mining Corporation of Delaware, for the continued exploration and development of our property.

Newmont is conducting a complete geological survey and mapping, including geophysical and geochemical surveys and underground and surface diamond drilling where appropriate. As it elects to carry on exploration, the minimum commitments will be as follows: 1968, \$200,000; 1969 and 1970, \$300,000 each year, - by which time it must elect to provide the necessary funds to bring the mines into commercial production or else drop all interest in the operation.



On electing to go into production, Newmont will lend the necessary funds at 6% interest, calculated from the actual commencement of production. Newmont will manage the property and receive 50% of the net profits, subject to Dolly Varden receiving approximately \$1,600,000 out of the first profits—to be distributed out of 80% of the cash flow, pro rata with the return to Newmont of its loan. The \$1,600,000 is what Dolly has put into the operation thus far. On equipping the property for production, Newmont will have the right to buy 1,971,428 shares of Dolly at 50c per share, plus one share for each \$10 spent between \$15,000,000 and \$25,000,000 at \$1.00 per share, and at \$2.00 per share up to \$35,000,000. Thus, if Newmont

spends \$35,000,000 or over, it will earn the right to buy an additional 1,000,000 shares at \$1.00 per share and 1,000,000 shares at \$2.00. Profits from the operation will go 50% to Newmont and 50% to Dolly Varden.

Newmont Mining Corporation, which is listed on the New York Stock Exchange, operates throughout the world and has assets valued in excess of 600 million dollars, which in turn control mining ventures of over one billion dollars. It is active across Canada, and in B.C. has major exploration programs in progress including a large molybdenum discovery on the Dak River, near Alice Arm.

## reserves

Exploration up to the beginning of the year as calculated by Dolly Varden's engineers indicated the following tonnages:

**North Star** - 155,000 tons grading 12.5 oz. silver.

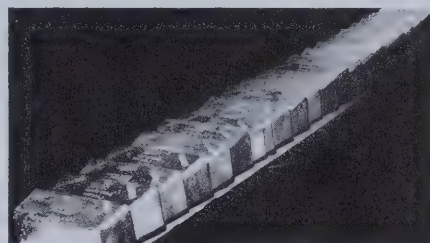
**Wolf** - 450,000 tons grading 9.8 oz. silver.

**Dolly Varden** - 47,000 tons of 22 oz. silver.

**Torbrit** - 7,146,000 tons of 3.9 oz. silver including 1,348,000 tons grading 9.4 oz.; 4,800,000 tons might be open pit mined with a 1:1 stripping ratio.

These reserves should contain 36,000,000 oz. of silver as well as a possible 200,000,000 pounds of lead and zinc. Unlike most silver properties, the ground lends itself to shrinkage stoping, requiring very little timbering. The ore bodies are wide in the nature of 15 to 30 feet, with some over 60 feet. These widths allow low cost mining, and thus economic recovery from lower grade ore. The limits of these ore bodies have not yet been defined and the reserves could

Silver bullion  
from the Torbrit mine



therefore increase severalfold. As to their profitability, it is interesting to note that if the present price of silver had prevailed during the 1950's, the additional profit on ore actually mined from the Torbrit would have been \$9,000,000 and, needless to say, the company would not have ceased its operations in 1958.

**Copper Belt** Adjacent to the silver mines outlined above, Dolly Varden has an area 700 feet by over two miles, along a Copper Belt where prospecting was done in the 1920's and 1930's. Limited work was carried out at that time, as copper ranged from 18c down to 6c per lb. However, many samples were taken from surface trenching, tunnelling and some underground drilling, with assays running up to 7.54% copper, 2.08 oz. gold and 3.56 oz. silver. Last year a large exploration company discovered an anomaly on a group of adjacent claims, giving further indication of the Copper Belt's great potential.





## world silver market

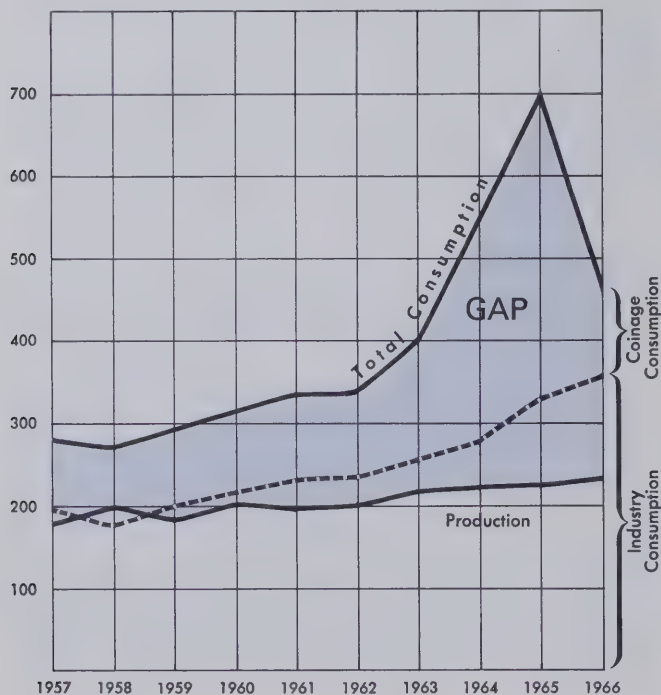
The consumption of silver is continuing to outpace production by over two to one: in 1966, consumption was 464 million oz., production only 231 million oz. (excluding Communist countries where figures are not available).

Photography, electrical manufacturing and jewelry are the chief industrial users, while coinage now accounts for less than 20%. Recent technologies are calling for more silver: atomic submarines, missiles, space ships, and supersonic aircraft are experimenting with large quantities for cooling and electronic purposes, and General Motors with silver-zinc batteries in place of gasoline to drive its Corvair. Many other new ways are under study to make use of its unique qualities among which are its high conductivity, low melting point, resistance to rust, ductibility, whiteness of colour, and as a nitrate, it is unrivalled as the light-sensitive material in photographic film.

The U.S. Treasury had been selling silver at \$1.29 U.S. since 1963, until this month when it started to sell silver at free market prices. Even so, its supply is rapidly diminishing to the point where further withdrawals will soon be impossible. The Treasury recently made it illegal to export silver coins, and will sell silver only to legitimate domestic users. As a result a separate foreign market for silver has developed. The Canadian government has placed controls on the export of silver coinage and other refined silver.

It is significant to note that as the price of silver increases, each 10% advance (from \$1.29) adds to the value of Dolly Varden's presently indicated reserves over \$1.00 per share, or 35c after allowing for Newmont's participation in the Company's profits and equity. The price is now (August 1st) \$2.00 Cdn. (\$1.86 U.S.), representing a 44% increase.

Silver consumption and production in the Free World



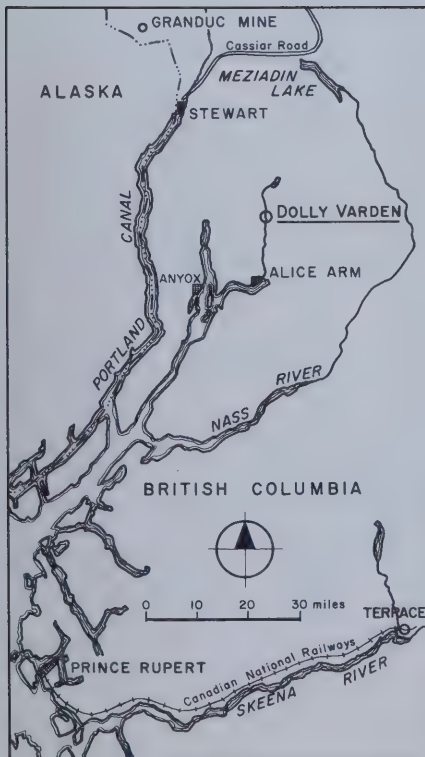
Camp on Kitsault River, Wolf mines near top right





# CLAIMS MAP

SCALE 0 500 1000 1500 2000 FEET



See inside back cover for location map of B.C.

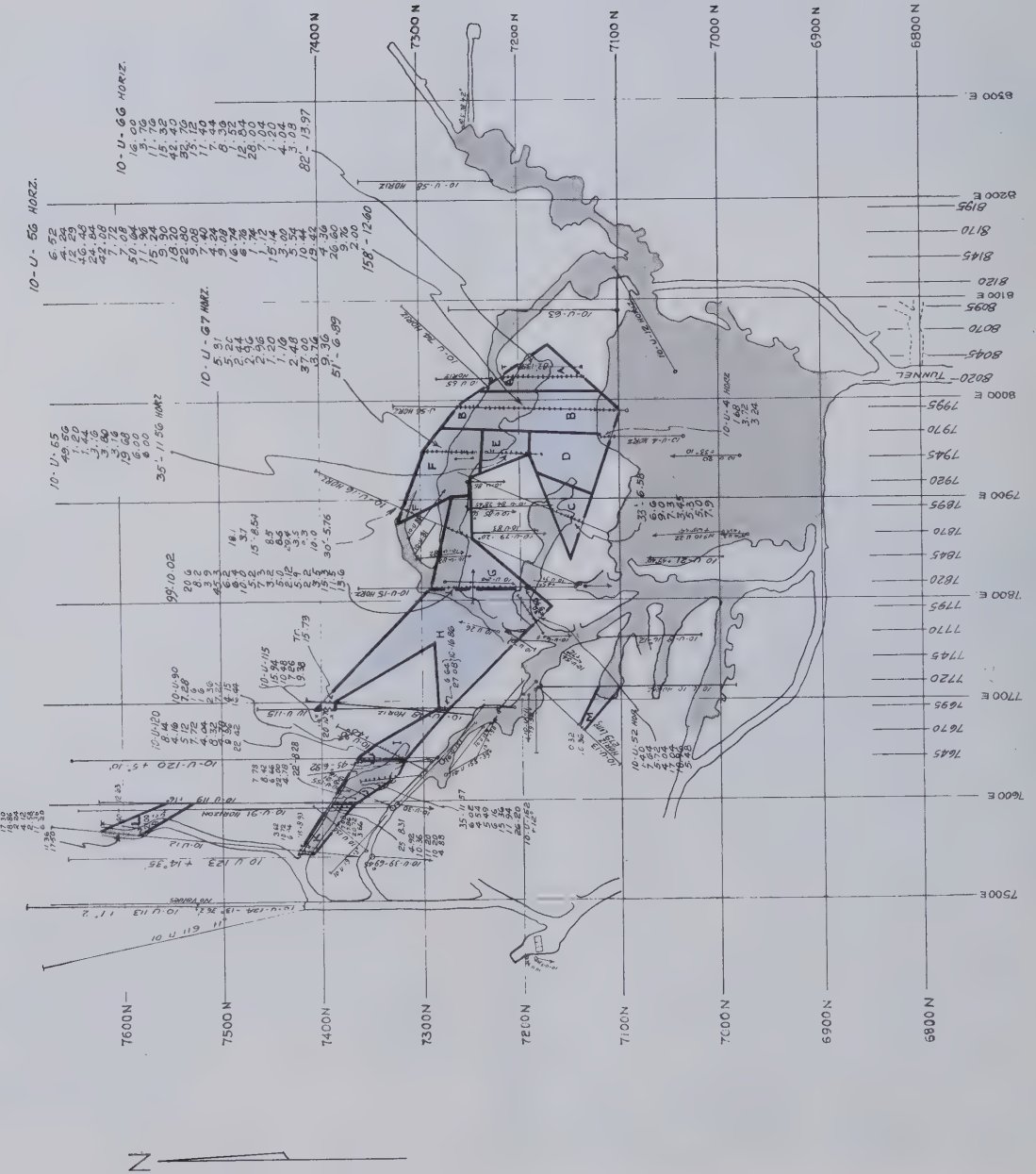


# TORBRIT MINE

PLAN OF

1,000' (MAIN ADIT) LEVEL

SCALE 1" = 100' FEET



# WOLF No. 2 VEIN

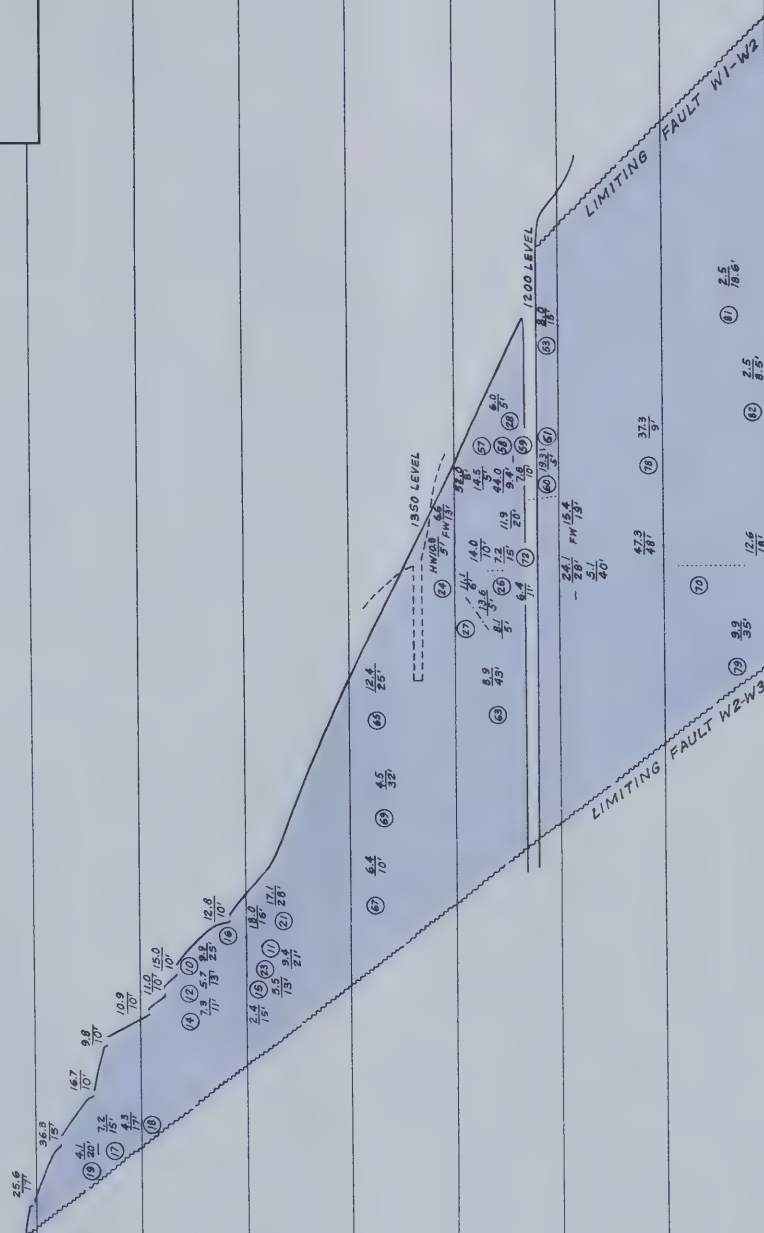
Longitudinal vertical projection

Bearing of Projection - N 25° E

Looking S E from Kitsault River

SCALE 0' 50' 100' 150' 200' FEET

1966

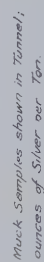


A

A'



## 1966



page nine



**dolly varden mines ltd.** (Non-Personal Liability)  
AND ITS SUBSIDIARY COMPANIES

**BALANCE SHEET** as at March 31, 1967

**ASSETS**

**CURRENT ASSETS**

Cash	\$	7,005	
Accounts receivable		1,405	
Prepaid expense		310	\$ 8,720

**FIXED ASSETS, at cost**

Mineral claims, leases and rights	211,275	
Land	1,000	
Buildings and equipment	403,645	615,920

**DEFERRED DEVELOPMENT AND  
ADMINISTRATIVE EXPENDITURE,  
per statement attached**

981,497

**INCORPORATION EXPENSE, at cost**

9,773

*Signed on behalf of the Board*

HOWARD MARTIN, *Director*

PETER E. CROMIE, *Director*

\$ 1,615,910

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$	8,711
NOTE PAYABLE, maturing October 31, 1968, bearing interest at 6% per annum		42,000

**MINORITY INTEREST IN  
SUBSIDIARY COMPANIES**

4,000

**SHAREHOLDERS' EQUITY**

**SHARE CAPITAL**

*Authorized*

10,000,000 common shares of 50c each, par value

*Issued*

4,400,000 common shares for cash  
(Note 1) \$ 2,200,000

Discounts and commissions 638,801 1,561,199

\$ 1,615,910

*The following notes are an integral part of this financial statement.*

*Notes to Financial Statements as at March 31, 1967*

1 Under the provisions of an underwriting agreement dated May 12, 1966, the company issued 400,000 shares for a net consideration of \$190,000.

2 Effective January 1, 1967, the company granted the right to Newmont Mining Corporation of Canada Limited to continue exploration and development of its properties and those of its subsidiary companies. Upon Newmont equipping the property for production, it will share in operating results to the extent of 50% and will have the right to subscribe for shares up to a total of 3,971,428 shares at prices varying from 50c to \$2.00 per share.

3 The company is currently in an action in the Supreme Court of the Province of British Columbia to recover from Sunshine Mining Company and/or Sunshine Exploration Co. Ltd. an amount in excess of \$400,000 for damages and other amounts owing.





**dolly varden mines ltd.** (Non-Personal Liability)  
AND ITS SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF DEFERRED DEVELOPMENT  
AND ADMINISTRATIVE EXPENDITURE**

for the year ended March 31, 1967

**DEVELOPMENT EXPENDITURE**

Assessment fees and taxes	\$	7,261	
Bridge and road construction		50,054	
Camp expense		33,214	
Copper belt - general expenses		779	
Drifting and raising		25,321	
Employee benefits		1,939	
Engineering and supervision		17,602	
Insurance		4,660	
Machinery maintenance		21,444	
Transportation		5,960	\$ 168,234

**ADMINISTRATIVE EXPENDITURE**

Advertising and public relations		3,133	
Bank charges, interest and discount		6,697	
Legal and audit		22,581	
Office and general expenses		5,623	
Salaries and employee benefits		6,050	
Stock transfer and listing fees		1,532	45,616
			<u>213,850</u>

**INCOME**

Recovery of road construction costs		22,108	
Rentals and interest		1,612	23,720
			<u>190,130</u>

Deferred Development and Administrative Expenditure, as at March 31, 1967			791,367
--	--	--	---------

<b>TOTAL DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENDITURE, AS AT MARCH 31, 1967</b>			<u><u>\$ 981,497</u></u>
--	--	--	--------------------------

**RIDDELL, STEAD, GRAHAM & HUTCHISON**

CHARTERED ACCOUNTANTS

505 BURNARD STREET  
VANCOUVER 1, B.C.

AUDITORS' REPORT

To The Shareholders,  
Dolly-Varden Mines Ltd.,  
(Non-Personal Liability).

We have examined the accompanying consolidated financial statements of Dolly Varden Mines Ltd. (Non-Personal Liability) and its subsidiaries for the year ended March 31, 1967 comprising the consolidated balance sheet as at that date and the consolidated statement of deferred development and administrative expenditure for the year then ended. Our examination of the financial statements of Dolly Varden Mines Ltd. (Non-Personal Liability) and the subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned statements present fairly the financial position of the company as at March 31, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

August 2, 1967.

*Riddell Stead Graham & Hutchison*



This is Dolly Varden

page eleven



## history

The Dolly Varden silver strike near Alice Arm, B.C., was first made in 1907. (See story on the inside front cover.) After a slow start on development by hand mining over a number of years, in 1919 a railroad was built over the seventeen miles from Alice Arm to the mine. However, the mining company could not pay for the railroad, so the railroaders seized the mine! In the ensuing three years, 1919-1921, the Dolly Varden Mines Railroad produced 1,300,000 oz. of silver.

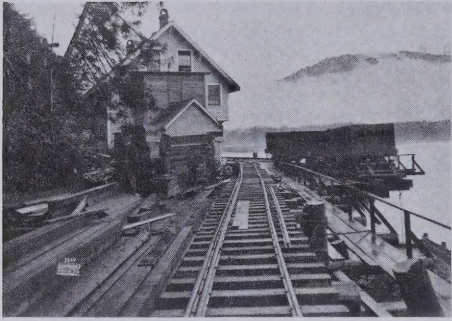
Except for a little high-grading by hand miners, the Kitsault Valley lay quiet until 1947 when an eastern mining company obtained claims adjacent to, and across the river from Dolly Varden. They constructed a 400-ton-a-day mill and refinery; a 2000 horsepower hydro electric plant; machine shops and camp including a community hall with school room, badminton court and bowling alley at a cost of \$2,000,000. Over the next 10 years they produced 19,000,000 oz. of silver. When their main ore body was depleted by 1958, they decided to cease operations in B.C. The price of silver was 85c an ounce. (See page 3, "Ore Reserves".)

In 1960, a new company, DOLLY VARDEN MINES LTD. (NPL) was formed to acquire the old Dolly Varden claims including the Wolf mines; also to purchase all of the eastern company's property in the valley, which included the Torbrit and North Star mines, mill, refinery, power house and all of the buildings.

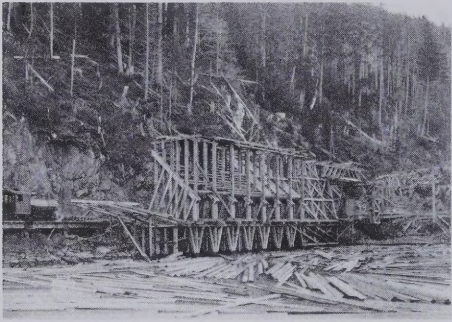
Since that time, the Company has carried out a great deal of exploration and development on what now appears to be one of the world's largest silver reserves. Newmont Mining Corporation is exploring the property extensively, including the area known as the Copper Belt, to determine the feasibility of very large scale production.

*All photographs on this page were taken in 1920*

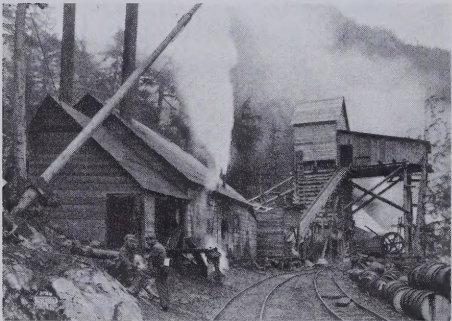
- 1 Loading platform at Alice Arm Wharf
- 2 Ore bunkers at Alice Arm
- 3 Lower terminal of aerial tramway
- 4 Camp 8 terminal and power house
- 5 Blacksmith shop at portal No. 4



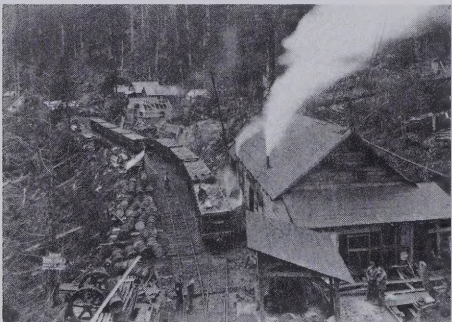
1



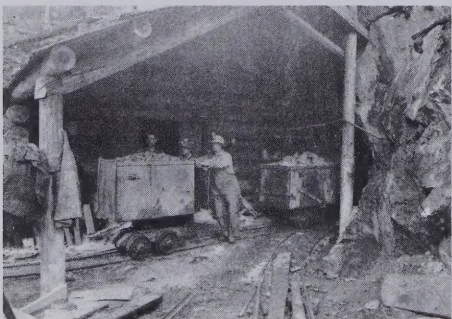
2



3



4



5









Feb

# **DOLLY VARDEN**

one of the world's large **SILVER** reserves

## **1967**



**DOLLY VARDEN MINES LTD.** (NPL) VANCOUVER CANADA